Ministry of Energy and Mines

1999-00 Annual Report

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Energy and Mines

1999/2000 Annual Report

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Honourable Garde Gardom
Lieutenant-Governor
Province of British Columbia

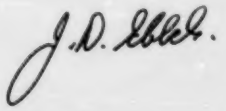
May It Please Your Honour:
I respectfully submit the annual report of the Ministry of Energy and Mines for the period of April 1, 1999, to March 31, 2000.

Glenn Robertson
Minister of Energy and Mines

Honourable Glenn Robertson
Minister of Energy and Mines

Dear Minister:

I respectfully submit the annual report of the Ministry of Energy and Mines for the period of April 1, 1999, to March 31, 2000.



Jack Ebbels
Deputy Minister

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Ministry at a glance

The Ministry of Energy and Mines manages the province's oil, gas, geothermal, mineral and coal resources for the benefit of British Columbians, including the regulation of the oil, gas and mining industries to ensure public and worker health and safety, and environmental protection.

It collects royalty, tax and other revenues associated with petroleum and mining activities in the province. The ministry also administers the law and manages the recording system pertaining to the acquisition and maintenance of subsurface rights including oil, gas, minerals, coal and geothermal resources in the province.

The ministry is an active participant in a wide range of policy and planning initiatives as an advocate for encouraging and sustaining healthy mineral, geothermal, oil and gas sectors. It also actively communicates with First Nations, communities and other stakeholders.

Highlights and accomplishments

The ministry was involved in numerous projects during the 1999/00 fiscal year. Here are the highlights and major accomplishments:

- Completed the B.C. Natural Gas Industry Competitiveness Study, which examined the impact of the province's fiscal regime, regulations and the effect of differing input costs on competitiveness as compared to those in Alberta. Results were presented to industry and other stakeholders. This study's conclusions formed the basis for the Oil and Gas Initiative Phase 2, which includes a program to upgrade and rehabilitate the roads network serving the oil and gas industry in the northeast.
- Secured funding commitments to move to phase 2 of the Oil and Gas Initiative to help double natural gas production and increase investment in the province's oil and gas industry through regulatory and tax efficiencies and infrastructure investments.
- Set a new revenue record for sales of oil and gas rights of $207 million.
- Helped established the Nechako-Kitamaat Development Fund Society to enable local design and delivery of programs funded by the $15-million Northern Development Fund in accordance with the recommendations of the Northern Development Fund Advisory Board. The fund supports investment in new or existing businesses to create jobs or stabilize existing jobs and also supports other goals consistent with its mandate for northwestern B.C.
- Participated with other agencies in the Job Protection Commission's plan to keep the Highland Valley Copper mine and the Quinsam underground coal operation viable through periods of low commodity prices. The largest open-pit metal mine in B.C., Highland Valley Copper employs 950 people and is located near Logan Lake. The Quinsam Coal mine near Campbell River employs 30 people.
- Delivered a process for compensating the holders of mineral tenures expropriated by the creation of parks prior to the passage of the Mining Rights Compensation Regulation and used the process to negotiate 10 settlements.
- Facilitated the transfer of Boliden Limited's Gibraltar mine to Taseko Mines Limited.
- Announced $103-million five-year public road rehabilitation program.
- Established a heavy oil royalty regime, which lead to a $100-million investment by Wascana Energy in the Hay River heavy oil field.
- Commenced pre-tenure planning in two special management zones of the Muskwa Kechika.
- Developed marginal well royalty rates.
- Phased elimination of certain applications of the compressor fuel tax.
- Commenced a five-year $750,000 archaeology study of northeast B.C.
- Enhanced royalty allowance designed to encourage infrastructure development in B.C.

Ministry overview and structure

Mandate

- To provide stewardship of the province's oil, gas and mineral resources.
- To collect revenues generated by petroleum and mining activities in the province.

General responsibilities

- Manages the province's oil, gas and mineral resources for the maximum benefit of British Columbians — including the regulation of the mining industry to ensure public and worker health and safety and environmental protection and optimization of provincial revenues generated by these activities:
  - determining the value of the oil, gas and mining industries' contribution to the B.C. economy;
  - ensuring that the province's oil, gas, mineral and geothermal resources are explored, developed, transported and used in a safe, efficient, and environmentally sound manner and that adequate reclamation of site disturbances is conducted after development ceases;
  - promoting domestic and export market opportunities for the province's oil, gas and mineral products and related goods and services;
  - pursuing legislative reform to solve regulatory challenges, to better integrate provincial policies and to reduce regulatory and administrative burden on the oil, gas and mineral industries;
  - issuing and administering title to Crown oil, gas and geothermal and mining rights;
  - administering title registries for oil, gas and geothermal resources;
  - participating in oil, gas and mineral industry forums to inform major stakeholders of provincial interests and policies, and to receive feedback from industries;
  - participating in oil, gas and mineral provincial environmental assessment process;
  - participating in provincial land-use planning and policy initiatives to ensure oil, gas, mineral and geothermal interests and values are considered, including access to land for development;
  - ensuring that oil, gas, mineral and geothermal interests are considered in aboriginal treaty negotiations;
  - working with First Nations to address treaty and aboriginal rights in the regulation of minerals, oil, gas and geothermal operations;
  - working with First Nations, industry and other stakeholders to identify opportunities and resolve issues in a timely manner;
  - administering the provincial government's participation in the Vancouver Island Natural Gas Pipeline project;
  - representing B.C.'s interest before the National Energy Board on oil and gas issues and providing information on provincial natural gas policy to the B.C. Utilities Commission;
  - developing and delivering policies, programs, and regulations that promote the economically efficient production and use of minerals, oil and gas;
  - conducting strategic mineral, oil and gas studies and economic analyses;

- collecting and disseminating mineral and oil and gas statistics;
- administering B.C.'s energy removal certificate program for natural gas exports from the province;
- on behalf of the province, and jointly with the Ministry of Environment, Lands and Parks, working with federal, provincial and territorial agencies to develop a National Implementation Strategy on Climate Change and to assist Canada in formulating a decision to ratify its commitment under the Kyoto protocol;
- stimulating grassroots mineral exploration by the provision of grants to prospectors;
- negotiating compensation for the holders of mineral tenures expropriated for the creation of parks;
- regulating mine worker safety, mine reclamation practices, and administration of legislation relating to oil, gas, mineral and geothermal tenures; and,
- promoting the marketing of industrial minerals in the province, Pacific Rim countries and Europe.

- Assesses and collects the following revenues from petroleum, geothermal and mining activities in the province:
  - royalties and freehold production taxes under the Petroleum and Natural Gas Act on oil and natural gas production;
  - property tax on freehold subsurface rights under the Mineral Land Tax Act;
  - taxes on mineral production under the Mineral Tax Act;
  - fees to recover operating costs of the Oil and Gas Commission and ministry costs related to health and safety inspection of mines and gravel pits;
  - auctions of oil, natural gas and geothermal rights;
  - rentals and fees from oil, gas and geothermal tenures; and,
  - mineral title recording fees, lease rentals and various related charges.

Organizational structure

The ministry has four divisions, one branch and one office reporting to the deputy minister:

- Energy and Minerals Division;
- Resource Development Division;
- Management Services Division;
- Communications Division;
- Corporate Relations Branch; and,
- Aboriginal Economic Initiatives Office.

Energy and Minerals Division

- ensures that the province's oil, gas, geothermal and mineral resources are managed for the benefit of British Columbians;

- is responsible for:
  - tenure management;
  - permitting;
  - geoscience field programs and publications;
  - regional geology and economic support;
  - Prospectors' Assistance grants, and
  - regulating mining industry to ensure public and worker health, safety and environmental protection;

- has four branches:
  - Geological Survey;
  - Mineral Titles;
  - Petroleum Lands and,
  - Mines.

- The ministry continued to be the executing agency for a Canadian International Development Agency initiative entitled the Peru Minerals and Metals Public Sector Assistance Project. It is a four-year, $4.2-million project, paid for by CIDA with in-kind contributions from both the B.C. and Peru ministries of energy and mines.

Resource Development Division

- develops, co-ordinates and monitors the implementation of strategies, policies and plans related to province-wide development of the mineral, oil and gas sectors and the economic development of northern B.C.;

- is responsible for:
  - co-ordinating provincial policies and activities with regard to aboriginal communities and the mining and oil and gas sectors;
  - collecting revenue from the production of minerals, petroleum and natural gas;
  - minerals, oil and gas policy development, co-ordination and research; and
  - participating in environmental and land and resource planning and policy initiatives;

- has four branches:
  - Aboriginal Relations;
  - Environment and Land Use;
  - Minerals, Oil and Gas Policy; and,
  - Resource Revenue.

Management Services Division

- services the needs of the ministry's management and staff in the areas of:
  - finance;
  - administration;
  - personnel;
  - information systems;
  - library services;
  - information and privacy; and,
  - employment equity.

- has three branches:
  - Finance and Administration;
  - Human Resources; and,
  - Information Management.

- The services from this division are shared with the Ministry of Employment and Investment, the Ministry of Community Development, Cooperatives and Volunteers, the Northern Development Commission and the Oil and Gas Commission.

Corporate Relations Branch

- manages and co-ordinates the Cabinet committee decision-making process and legislative program for the ministry and for the Crown corporations in the minister's portfolio; and
- co-ordinates key projects and corporate initiatives for the ministry.

Communications Division

- provides all communications, media and public relations and issues management services for the ministry;
- executes a lead role with other ministries, agencies and Crown corporations in co-ordinating and facilitating communications activities through strategic communications planning and proactive implementation; specific activities include:
  - media relations;
  - news releases;
  - speeches;
  - event planning and co-ordination; and,
  - advertising and marketing;
- provides strategic communications advice to the minister, deputy minister, executive committee and program managers for all ministry programs and initiatives.

Aboriginal Economic Initiatives Office
(created on Feb. 18, 2000)

- focuses on expediting selected initiatives that further the corporate economic interests of the province;
- negotiates economic measures with First Nations on projects that advance the strategic investment, job creation or

resource development objectives of line ministries and government.

- works closely with the Deputy Ministers' Committee on Aboriginal and Land Use Issues, which assigns, approves, sets priorities and provides resources for projects it refers to the Office.

The following Crown corporations and agencies reported to the Minister of Energy and Mines:

- B.C. Railway Group of Companies — provides freight- and passenger-rail services within the province, real estate development, telecommunications and joint-venture management.
- B.C. Hydro and Power Authority — the province's public electricity utility. (Began reporting to the Minister of Energy and Mines on Feb. 29, 2000)
- Oil and Gas Commission — headquartered in Fort St. John, provides a single-window approach to permitting oil and gas industry operations from exploration to reclamation, while maintaining provincial environmental standards.
- Northern Development Commission — headquartered in Prince George, supports economic development and job creation in northern B.C.

Investing in the province

The ministry manages the province's oil, gas and mineral resources for the benefit of British Columbians, including the regulation of the oil, gas, geothermal and mineral industries to ensure public and worker health and safety and environmental protection.

The ministry worked to ensure:

- the oil, gas and mining industries made a substantial contribution to B.C.'s economy;
- the province's oil, gas and mineral resources were explored, developed and used in a safe, efficient and environmentally sound manner; and,
- land disturbed by oil, gas or mineral development was reclaimed to a productive state.

Oil and gas resources

General participation

- assessed, managed and promoted B.C.'s petroleum, natural gas and geothermal energy resources:
  - administered the petroleum and natural gas tenure system through which Crown rights are awarded by competitive bidding — tenures issued are time limited, include exploration and development obligations, carry environmental protection caveats and require the payment of rents and royalties to the province;
  - administered oil and gas tenures that covered 6,596,128 hectares and provided revenues from rentals and other associated fees totalling $41,167,755;
  - awarded 809,775 hectares of oil and gas rights through competitive bidding and generated bonus revenues totalling $206,928,360;
  - supported establishment of a coalbed methane industry in B.C. by the disposition of six drilling licences targeted for coalbed methane;
  - completed, drafted and published a promotional geological study on the Liard Basin. Two other promotional studies for the Flathead and Fernie basins were started;
  - participated in oil and gas industry forums and consultative processes to inform major stakeholders of the provincial government's interests and policies, and to receive feedback from industries:
    - conducted a seminar in Calgary on B.C.'s oil and gas rights management and administration;
    - participated in provincial land-use initiatives to ensure oil and gas and geothermal interests were represented;
    - contributed to the approval support team for Mackenzie land and resource management planning processes and provided support for the implementation of the Fort Nelson, Fort St. John and Dawson Creek land and resource management plans;
    - provided oil and gas resource analysis for land and resource management planning processes in all other areas of the province as required;
    - detailed wildlife habitat inventory was gathered and mapped for the pre-tenure planning process for the Prophet-Besa area in northeast B.C.; and,
    - initiated a program of natural gas resource promotion to industry.
- participated in planning for regional conferences and workshops relating to economic development, particularly regarding offshore oil and gas. (Simon

Fraser University, Coastal Community Network, Prince Rupert).

- participated in a federal-provincial task force established in September 1999 dedicated to simplifying and streamlining pipeline regulation in Canada. Energy ministers accepted the task force interim report in March 2000. The ministers agreed to encourage regulators to continue with efforts toward co-operation and convergence of regulatory processes. The task force was asked to do further work on issues of demarcation and shared regulation and to consult with industry stakeholders, reporting back to energy ministers in June 2000.
- participated in the Load Restriction Task Force, which resulted in reducing the length of road bans for northeast B.C. and allowing higher amounts of weight to be transported during road bans. This stimulated more drilling activity by the oil and gas industry. It also provided motivation and information in development of public roads rehabilitation in Northeast B.C. announced in the Oil and Gas Initiative phase 2.
- participated in development of a heavy oil royalty curve based on price and production. This stimulated the development of Hay River heavy oil field estimated to increase investment into B.C. of up to $100 million. This type of analysis also promoted the development of a price and production sensitive royalty for third tier oil.
- participated in providing a royalty incentive for a pilot to test water lifting technology at Beaver River field, an abandoned gas field with one trillion cubic feet of gas still to be recovered. The pilot is currently proving the technology works and if it's proven to be economical it may add up to 300 billion cubic feet of reserves to the province. In addition, the technology could add an additional 500 billion cubic feet of reserve from fields that have been abandoned that are similar to the Beaver River field.
- participated in the following Oil and Gas Initiative phase 2 initiatives:
  - compressor fuel tax reduction
  - suspended and marginal well royalty reduction
  - enhanced gas recovery
  - coalbed methane incentives
  - third-tier oil royalty.
- dealt with Westcoast Energy issues related to tolls and facility development.
- participated in the National Climate Change Process, sitting as a working member of the National Air Issues Co-ordinating Committee — Climate Change and the Federal/Provincial International Consultative Group.
- participated in the provincial stakeholder forum on climate change — B.C. Greenhouse Gas Forum.

First Nations

- worked to ensure First Nations, industry and the ministry can resolve issues in a timely manner:
  - continued negotiations to resolve outstanding issues with the Taku River Tlingit First Nation around the development of the Tulsequah Chief mine, and to assist the First Nation and the company with aboriginal hiring;
  - developed guidelines for consulting First Nations regarding proposed mining activity permitted under the *Mines Act* and held workshops with regional staff to assist implementation;
  - assisted the Oil and Gas Commission in completing consultations with First Nations in the Okanagan regarding permits for the Southern Crossing Pipeline; and,
  - participated in mine industry conferences (Kamloops Exploration Group Conference, the Cordilleran Round Up, Prospectors and Developers Association of Canada Convention, World Mines Ministers

Conference, and the Minerals North Conference) presenting information on First Nations consultation policies and procedures, and the status of the treaty negotiation process.

- ensured that oil, gas, geothermal and mineral interests are identified and accurately valued in aboriginal treaty negotiations:
  - provided energy and mineral information to specific treaty negotiations tables;
  - reviewed draft chapters dealing with energy and mineral resources to ensure that oil, gas, geothermal and mineral interests are addressed in aboriginal treaty negotiations; and,
  - provided policy and technical advice to provincial negotiators on energy and mineral resource issues and interests.
- worked with First Nations to recognize treaty and aboriginal rights in the regulation of oil and gas operations:
  - through the establishment and co-ordination of a multi-stakeholder working committee, developed a recommendation package for consideration by Cabinet, which would provide solutions to the outstanding issues which exist between the oil and gas, and trapping industries in northeast B.C.;
  - negotiated and signed Memoranda of Understanding with two Treaty 8 First Nations — the Saulteau First Nations and the Doig River First Nation — to increase certainty for the oil and gas industry in northeastern B.C., while respecting First Nations' treaty rights. The Province now has oil and gas MOUs with all seven First Nations in the Treaty 8 area located in northeast B.C.; and
  - continued working with Treaty 8 First Nations to facilitate implementation of the MOUs and address non-MOU issues.
- worked with First Nations, industry and governments to assist in providing opportunities for aboriginal economic development:
  - facilitated the development of a protocol agreement between representatives of First Nations groups and exploration companies for the purposes of encouraging mineral exploration and development in B.C. in a manner that will involve First Nations in a meaningful way, as well as increase certainty and investor confidence for companies and the province; and,
  - through the federal-provincial intergovernmental subcommittee on aboriginal participation in mining, developed a plan to work co-operatively with the federal and provincial governments to identify issues and opportunities related to First Nations' involvement in the mining industry, and to report on "best practices" used across the country to enhance aboriginal participation in the mining sector.
- The Aboriginal Economic Initiatives Office led provincial efforts to resolve ongoing land-use conflicts between trappers and the oil and gas industry and assisted other ministries in resolution of issues inhibiting key economic development projects.

Environmental commitment

The ministry is committed to ensuring mineral, oil and gas activity is carried out in an environmentally responsible manner.

- participated in provincial land-use planning and policy initiatives to ensure oil, gas, mineral and geothermal interests were represented;
- contributed to policy and regulatory reforms that streamline or enhance efficiency of environmental reviews;

- participated in provincial strategic land use planning initiatives to inform stakeholders and advocate responsible mineral resource stewardship and development:
  - contributed to the implementation of three regional plans and six land and resource management plans (LRMPs);
  - participated in the completion and approval processes for four LRMPs and participated in an additional eight ongoing LRMP roundtables, to ensure provincial mineral, oil, gas and geothermal interests were represented;
  - liaised with industry and other stakeholders to discuss strategic planning issues with respect to mineral resources;
- developed and delivered policies, programs and regulations that promote the economically efficient production and use of natural gas:
  - analyzed the Port Alberni co-generation project — a 265 MW natural gas-fired electric generation project; and
  - issued Clean Choice Conversion program grants worth $971,000. (Clean Choice is a government program providing financial assistance to people converting their homes from oil, electric or wood space heating to natural gas space heating. The program is available for residents of Vancouver Island and the Sunshine Coast.)
- participated in workshops concerning proposed Marine Protected Areas (Bowie and Juan de Fuca Ridge), and review of the Canadian Environmental Assessment Act (CEAA);
- participated in the environmental assessment review of the proposed Westcoast Gas Services Inc. liquid natural gas storage facility at McNab Creek;
- assisted the Oil and Gas Commission on flaring policy issues; and,
- issued 46 natural gas energy removal certificates or modifications to existing removal authorizations.

Mineral resources

General participation

- assessed, managed and promoted B.C.'s mineral resources;
- continued being a one-window agency for permitting exploration through the Mineral Exploration Code;
- appointed a mining advocate to independently identify and address impediments to the maintenance and expansion of a viable and robust mining industry in this province;
- continued to use the Mining Rights Compensation Regulation, which establishes fair compensation when mineral tenures are expropriated for the creation of parks. The process, developed in consultation with the mining industry, requires good faith negotiation, permits the use of qualified evaluators to establish value and provides for binding arbitration when the parties cannot agree;
- continued to use the process defined in the Mining Rights Compensation Regulation to settle expropriations for park creation that pre-dated the Mining Rights Amendment Act of 1998:
  - used the process to reach voluntary agreements without the need for arbitration with 10 holders of expropriated mineral tenures;
- helped establish the Tumbler Ridge Revitalization Task Force in March 2000;
- participated in a Mining Workshop at the Island-Coast Communities Summit in October 1999;

- participated in an inter-provincial review of the mining taxation recommendations in the Mintz Report;
- participated in a federal-provincial working group preparing for public consultation on a regulatory regime for offshore mineral exploration;
- developed alternate policy options for moving seven *Mining Tax Act* minerals to the *Mineral Tax Act* and worked on both industry consultations and negotiations, towards an objective of legislative acceptance;
- wrote the chapter on B.C.'s exploration for the Canadian Intergovernmental Working Group's *1999 Overview of Canadian Exploration;*
- completed a market demand summary for a project-specific construction aggregate development;
- completed a financial/economic analysis for a project-specific industrial mineral development;
- participated on the intergovernmental *Aggregate Solution Committee* and analyzed B.C. construction aggregate price trends;
- developed a comparative analysis of construction aggregate policies amongst several Canadian and an American jurisdiction;
- supported Mining Advocate's consultants with an international survey of mining, employment and exploration statistics;
- in joint ventures with Natural Resource Canada and Statistics Canada, conducted and/or supported surveys of the exploration of coal, metal, industrial minerals, construction aggregate and mineral processing sectors;
- participated and addressed members on an advanced Web-site communication method at the federal-provincial committee on mineral statistics in Ottawa; and,
- managed the update, file-maintenance and requests for data, information, analyses and knowledge from B.C.'s mineral and exploration statistics.

Geological Survey

- The geological survey economic development field programs concentrated on under-explored frontier areas and on areas with established mining infrastructure. The programs provided geoscientific information to support mineral, coal and industrial minerals exploration and development, and identified promising new regions for orebodies through targeted geological surveys:
  - initiated a major new project under the auspices of the National Mapping Program (NATMAP). The Ancient Pacific Margin project is a five-year joint venture with the Geological Survey of Canada, Yukon Geology program, universities and industry. The goal of the project is to assess the mineral potential of this poorly understood belt through bedrock mapping, surficial mapping and geochemical programs;
  - continued the mineral deposit study of the Gibraltar mine area, located north of Williams Lake and south of Quesnel, to generate new information to assist in the discovery of new ore reserves;
  - conducted geological evaluation of areas located in the Adams and Kootenay lakes regions that have potential for plutonic-related gold deposits, such as the Pogo and Fort Knox orebodies currently being exploited in Alaska;
  - initiated a mapping and mineral deposit project in the Ecstall Belt, west of Kitimat within the Coast Plutonic Complex, to more clearly identify the controls on volcanogenic massive sulphide mineralization and assess potential;
  - completed a reconnaissance assessment for copper and gold-rich iron oxide deposits in the Kamloops and Creston areas;

- continued coal quality and washability studies designed to better understand the nature of coal deposits, the province's most valuable mineral commodity in 1999, and to promote B.C.'s coal industry and facilitate development;
- continuation of the Gemstone project to describe and highlight B.C.'s gems and semi-precious stones and other industrial minerals. Prospector discoveries of gem quality iolite and garnet in the Slocan Valley and opal near Vernon and Houston point out the potential for gemstones in B.C.;
- completed a compilation project to identify favourable areas for Eskay Creek-type volcanogenic massive sulphide deposits in the province; 22 areas were identified;
- released survey results for the regional geochemical survey of the Quesnel Lake area in central B.C.;
- continued field investigations of unusual precious metal Sedex deposits, referred to as Broken Hill-type, in the Kootenay Terrane and Monashee Complex in southeastern B.C.; and,
- completed geologic mapping in the Mount McCusker-Robb Lake area, northeast of Williston Lake, as part of the branch's commitment to the Foreland Belt NATMAP project (collaborative with the Geological Survey of Canada) to provide a genetic model for the Robb Lake lead-zinc deposit and determine the regional potential for similar deposits in the Cordillera.

- assisted prospectors to carry out effective and successful grassroots prospecting programs by providing financial assistance and advice and by facilitating training programs in partnership with industry associations. Awarded 51 grants ranging from $4,767 to $10,000;
- monitored and participated in research undertaken on geological hazards in B.C. (earthquakes, landslides) and provided information and advice to all levels of government on measures to mitigate and avoid such hazards;
- provided assessments of mineral values and mineral potential to land claims tables and to First Nations; more than 20 requests were addressed;
- maintained, enhanced and upgraded the mineral and geological databases and improved quality, integration and Internet access. Clients can view, plot and perform GIS-type analysis of georeferenced spatial information sets. A pilot project has been initiated to provide industry assessment reports over the Internet. Branch databases comprise mineral occurrences (MINFILE), assessment reports (ARIS), regional geochemical survey (RGS), digital terrain stability map library and mineral potential;
- delivered a workshop on Eskay Creek-type deposits in co-operation with the Mining Exploration Group and the B.C. and Yukon Chamber of Mines to 80 participants;
- regional geochemical surveys were conducted and the mineral potential examined in four areas along the central coast (Khutze River, Cape Caution, Bella Coola and Queen Charlotte Islands), funded under the government's Corporate Resource Inventory Initiative (CRII), as part of the ministry's contribution to the Central Coast Land and Coastal Resource Management (CCLCRMP) planning process;
- continued to promote and market the province's potential and mineral exploration opportunities and work to attract exploration investment through focused contacts and access to the geoscience databases through the Vancouver Mineral Development office;
- continued the Terrain Stability and Soils projects, funded by Forest Renewal B.C., including audits of digital terrain data submitted by forest companies in compliance with the Forest Practices

Code, and made this data available over the Internet;

- administered the Assayers Certification program to examine and certify assayers in B.C. in partnership with an industry-BCIT-government Assayers Advisory Board. BCIT provides training programs and examination facilities to support the program;
- provided timely, comprehensive and reliable data and advice on B.C.'s mineral resources, geology, mineral potential and industry trends to government's land and resource management planning initiatives (LRMPs), First Nations, government agencies, industry and other clients; maintained and enhanced the mineral potential database and communicated results to planning tables; and,
- participated in provincial, national and international scientific/industry trade shows, forums and meetings to promote and market the Province's geology, potential and mineral exploration opportunities to attract increased exploration investment (i.e.: Prospectors and Developers Association of Canada, Toronto; Northwest Mining Association Annual Meeting, Spokane; Kamloops Exploration Group Annual Meeting; Minerals North Conference, Stewart; Exploration Roundup, Vancouver; Coal Seminars, Sparwood and Tumbler Ridge; and Industrial Minerals Forum, Salt Lake City).

Mineral Titles

- administered mineral tenures
  - Mineral Titles issued: 5,175 mineral claims and seven mineral leases over 450,000 hectares, and 814 placer claims and 41 placer leases over 47,414 hectares and 11 coal exploration licences and two coal leases over 9,478 hectares
  - processed 18,609 tenure related transactions, updated 3,200 maps, and released 335 new tenure reference maps integrated with provincial resource base maps (1:20,000 scale TRIM)
  - designated two new placer claim areas in the province. 82 no staking reserves were processed, 15 were amended and 31 were rescinded resulting in 1,208 active reserves in the province as of March 31, 2000. Four new conditional reserves were created, one was amended, and four were rescinded
  - applications for dispute resolution under the *Mineral Tenure Act* (Act) resulted in 103 Decision Orders under various sections of the Act
  - amended the Mineral Tenure Act Regulation, section 20, to permit titleholders to request a common anniversary date for titles in a group; the 100 units limit for grouping claims was removed, and titleholders who conduct GPS surveys of the legal posts of a two post, four post or placer claim may now apply it as assessment work, and,
  - the mineral titles branch continues to make improvements to the Internet site, which receives approximately 500 visitors per week including: adding prescribed forms, adding a fee table to link to forms and linked maps in the ministry's MapPlace site directly to the map number in the MiDA tenure search site.

Minerals and Land Use

- ensured mineral interests and access to land were addressed in a wide variety of resource management policy and planning initiatives:
  - participated in the Cassiar Iskut-Stikine, Mackenzie Lakes, Okanagan-Shuswap and Lillooet LRMPs, the approval procedures for the Robson Valley LRMP, sub-regional planning in the Cariboo-Chilcotin and the Vancouver Island land use plan compilation to inform stakeholders

and advocate responsible mineral resource stewardship and development;

- contributed to the implementation of the Kootenay Boundary land use plan, and the Kamloops, Kispiox, Bulkley, Vanderhoof, Prince George, Dawson Creek, Fort St. John and Fort Nelson LRMPs to ensure mineral interests and access to land objectives were maintained;
- facilitated specific solutions in the implementation of the Fort St. James LRMP for mineral interests in the Nation Lakes area;
- ensured mineral interests and rights were respected in the introduction of higher level plans under the Forest Practices Code for the Vancouver Island and Kootenay-Boundary land use plans;
- contributed to Forest Practices Code initiatives including landscape unit planning, and identified wildlife management strategy;
- ensured mineral interests were recognized and addressed in reviews of government's grizzly bear conservation strategy implementation plans, the B.C. Heritage River System, the Trans Canada Trail proposals, marine protected areas and coastal issues, special management zone initiative;
- contributed to government's response to the Auditor General's Report on Drinking Water;
- participated in reviewing the proposed federal government legislation on Species at Risk and the provincial government endangered species planning;
- contributed mineral perspectives to municipal planning initiatives and the provincial growth strategy initiative;
- worked to ensure road access to mineral lands is kept open as much as possible;
- contributed to the ongoing review of the Environmental Assessment Act and related policy development and procedural changes;
- participated in B.C.'s contributions to the five-year review of the Canadian Environmental Assessment Act;
- met with representatives of the Japanese Steel Industry in September 1999 to discuss the state of B.C.'s coal industry;
- developed policy responses to proposals from various communities to extend their municipal boundaries to include both operating and proposed mines;
- facilitated and chaired seven regional mine development review committees;
- facilitated public advisory committees for Mount Polley mine, Sullivan mine, Brenda mine, Equity Silver mine, Willow Creek mine and the Omineca Access Road;
- co-hosted, with the national MEND 2000 program, the Sixth Annual Metal Leaching and Acid Rock Drainage workshop on risk assessment and management;
- managed mining reclamation securities and funds — all mines operating in B.C. must deposit money with the government to ensure that site reclamation costs do not fall on provincial taxpayers. The value of security deposits in the past few years has increased to reflect more closely true reclamation costs; total value of securities held by the provincial government rose from $10 million in 1985 to $188.5 million as of March 31, 2000;
- regulated mine health and safety and mine reclamation practices:
  - presented the annual B.C. Mine Reclamation Award for outstanding achievement in mine reclamation to Afton Operating Corp. for outstanding work at the Afton Mine;
  - awarded citations:
    - metal mine reclamation to Highland Valley Copper;
    - coal mine reclamation to Luscar Ltd., Line Creek Mine;
    - placer mine reclamation to Gallery Resources Ltd.;

  - exploration reclamation to Misty Mountain Gold Ltd.; and
  - special citation to Homestake Canada Inc., Nickel Plate Mine.
- held the 37th Annual Mine Safety Awards;
- held the Provincial Mine Rescue and First Aid Competition;
- conducted 2,012 inspections:
  - 1,066 sand, gravel quarries, and rock inspections;
  - 389 coal and metal mine inspections;
  - 234 exploration site inspections;
  - 215 placer inspections; and,
  - 108 other inspections;
- reviewed 1,178 Notices of Work;
- completed one fatal accident investigation;
- improved audiometric database program;
- completed several small abandoned mine remediation and reclamation projects;
- assisted in several in-house and zone mine rescue competitions;
- conducted a general mine-wide safety audit at the Mount Polley mine;
- conducted an audit of Mobile Equipment Maintenance Procedures and Record Keeping at eight sand and gravel operations in the Lower Mainland; and
- conducted an audit of Large Mobile Equipment Operator Training and Associated Record Keeping at the Elkview mine.

- continued delivery of the Canadian International Development Agency–B.C.-Peru project, which is aimed at transferring B.C. expertise and knowledge from the private and public sectors to Peru so that the Peruvian ministry can meet objectives to improve health and safety regulations and environmental standards and protocols in its minerals and metals sectors;
- chaired a committee with representatives of other ministries and provincial agencies to review the administration and regulation of gravel pits and rock quarries with the objective of reducing conflicts related to the approval and regulation of these industrial sites;
- participated on the Contaminated Sites Mining Subcommittee to facilitate streamlining regulatory requirements under the Mines Act and Waste Management Act;
- participated on the Contaminated Sites Implementation Committee to recommend amendments to the Contaminated Sites Regulation;
- facilitated significant reclamation progress on the historic Hedley mine tailings. Reclamation activities included recontouring for aesthetics and capping with glacial till for dust control and preparation for establishing vegetation;
- co-operated with the Regional District of Central Okanagan on an Aggregate Supply and Demand Study to improve the management of this limited resource; and,
- published "Exploration in B.C.," that includes an overview of exploration activity in the province and geological descriptions of selected properties.

Resource Revenue

The ministry collects revenues generated by petroleum and mining activities. In 1999/00 the resource revenue branch collected the following revenues as mandated under provincial legislation:

- royalties and freehold production taxes under the Petroleum and Natural Gas Act of $94 million on oil production from 925 wells and $328 million on natural gas production from 1,922 gas wells and 855 oil wells;
- tax of $37.3 million under the Mineral Tax Act on mineral production from 38 mines;
- tax of $650,000 under the Mineral Land Tax Act from 3,950 owners of freehold title to minerals under 578,000 hectares of land. This tax is levied on land for which the Crown has granted ownership of one or more minerals, as opposed to

renting rights under the Mineral Tenure Act;
- fees of $5.6 million under the Oil and Gas Commission Act to pay for costs of the Oil and Gas Commission; and
- fees of $2.2 million under a directive of the Minister of Finance and Corporate Relations for ministry costs related to health and safety inspections of mines and gravel pits.

Besides its on-going revenue collection activities, the branch administers several resource revenue sharing agreements.

During 1999/00 the ministry introduced a number of revenue related measures:
- a much simpler mineral tax of five per cent of the value of production for placer mines, which replaced the Mineral Tax Act's more complicated tax calculations that are suited to large mining operations;
- a new royalty for heavy oil that recognizes the differences in sales values and production costs between heavy and light oil;
- completed a comprehensive review of natural gas gathering, dehydration, compression and processing costs for gas royalty cost allowance deductions, including an increase in the allowable rate of return to 15 per cent;
- added the price of oil as a factor in determining the royalty rate for third tier oil;
- provided for third tier oil royalty rates to apply to incremental production from new pressure maintenance schemes;
- negotiated a royalty agreement with Wascana Energy for an experimental natural gas recovery project in the Beaver River gas field;
- assisted the Ministry of Finance and Corporate Relations with getting amendments to the federal Income Tax Regulations to allow the Mining Exploration Tax Credit that was introduced in 1998 to be transferable to investors; and
- in preparation for the arrival of the year 2000, developed and tested a business continuation plan for the branch's operations.

Corporate Services

Management support services are in the areas of corporate relations, communications, finance and administration, human resources, employment equity and information management.

Corporate relations

- managed and co-ordinated the Cabinet committee decision-making process and the legislative program of the ministry and Crown corporations in the minister's portfolio;
- managed and/or provided support for strategic and operational planning processes within the ministry and on key projects or corporate initiatives for the deputy minister and the ministry;
- co-ordinated all materials and decision documents for Cabinet and Cabinet committees, including submissions for Treasury Board and Cabinet, and worked with Treasury Board staff and Cabinet Policy and Communications Secretariat in scheduling all planning sessions and presentations; and,
- maintained information and co-ordinated appointments of members to the ministry's Crown corporations, agencies, boards and commissions.

Communications

The communications division played a key role in implementing the ministry's mandate.

The ministry:
- disseminated information through 43 news releases on many of the ministry's activities and accomplishments, such as:
  - sales of oil and gas rights in the province;
  - mineral exploration grants received by B.C. prospectors;

- the agreement between the province and Highland Valley Copper on power rates;
- land and resource management plans;
- government investment in the oil and gas industry; and
- Kemess mine.

- developed communications plans for a range of issues that involved the ministry and oversaw communications plans of Crowns, boards and commissions reporting to the minister;
- provided communications support for various ministry programs and projects and arranged special events; and,
- drafted speeches, arranged news conferences and media interviews, produced ministry publications and assisted other agencies and commissions in producing their publications.

Management services

Finance and administration

- commenced implementation of new government-wide financial system for April 2000 startup;
- controlled expenditures, assets, liabilities, revenues, special accounts and funds;
- reported on the ministry's financial status and budgets;
- managed facilities, telecommunications, vehicles and administrative records;
- expanded library Internet site allowing public access to unique publications and maps;
- commenced project to preserve old documents and photographs for future generations;
- responded to more than 3,200 library reference queries and served more than 2,100 library visitors; and,
- provided finance and administration services to the Oil and Gas Commission, CIDA Peru project and the Northern Development Commission.

Human resources

- managed the human resources elements of establishing the Aboriginal Economic Initiatives Office, including classifying and staffing new positions;
- co-ordinated the Oil and Gas Commission's relocation and consolidation of positions from Victoria to Fort St. John;
- successfully expanded student hiring;
- provided discrimination and harassment awareness training to new staff;
- supported employment equity initiatives by giving preference to designated group members in auxiliary hiring and by continuing to monitor and remove potential barriers to employment;
- co-ordinated the ministry's multiculturalism initiatives;
- managed ongoing workforce adjustment;
- implemented the new Public Service Job Evaluation Plan;
- in association with union representatives, conducted a ministry-wide review of contracts to identify potential cost savings if the work was performed by employees; and
- co-ordinated the Provincial Employees Community Services Fund Campaign for the ministry's Victoria offices.

Information management

- managed successful transition of hardware and software through Year 2000 (Y2K) date rollover;
- completed ministry systems plan as per Information Science and Technology Agency (ISTA) requirements;
- upgraded network line speeds to regional offices to allow for improved use of mapping applications throughout the province;
- replaced older regional servers in Nanaimo, Prince George and Cranbrook to improve performance and stability to the local file system and to provide room for growth;
- completed startup activities for the Oil and Gas Commission;
- continued upgrades to shared corporate equipment to provide improved service and room for fast-paced growth;
- improved security of ministry systems for virus protection;

- converted main ministry Internet sites to comply with government standards;
- identified and initiated implementation of options to reduce ministry dependency on contracted resources for the support of smaller database systems;
- made extensive progress on two-year records management project to establish approved ARCS and ORCS and classify documents stored off-site;
- began ministry-wide automated records management software/training expansion and implementation;
- submitted two new ORCS schedule amendments for review by the Public Document Committee; and
- provided ministry training for freedom of information policies and procedures.

Legislation

Legislation administered by the ministry:

- *B.C. – Alcan Northern Development Fund Act*
- *B.C. Railway Act*
- *B.C. Railway Finance Act*
- *Coal Act*
- *Fort Nelson Indian Reserve Minerals Revenue Sharing Act*
- *Gas Utility Act*
- *Geothermal Resources Act*
- *Health, Safety and Reclamation Code for Mines in B.C.*
- *Hydro and Power Authority Act* (after Feb. 29, 2000)
- *Hydro and Power Authority Privatization Act* (after Feb. 29, 2000)
- *Hydro Power Measures Act* (after Feb. 29, 2000)
- *Indian Reserve Mineral Resource Act*
- *Mineral Land Tax Act*
- *Mineral Tax Act*
- *Mineral Tenure Act*
- *Mines Act*
- *Mining Right of Way Act*
- *Mining Rights Amendment Act*
- *Ministry of Energy, Mines and Petroleum Resources Act*
- *Natural Gas Price Act*
- *Northern Development Act*
- *Oil and Gas Commission Act*
- *Petroleum and Natural Gas Act*
- *Petroleum and Natural Gas (Vancouver Island Railway Lands) Act*
- *Petroleum Corporation Repeal Act*
- *Pipeline Act*, and,
- *Vancouver Island Natural Gas Pipeline Act.*

Ministry expenditure summary

Unaudited 1999/00

Expenditures $ in thousands

Ministry Operations (Vote 25)	
Minister's Office	319
Corporate Services (net of recoveries)	8,384
Energy and Minerals (net of recoveries)	16,586
Resource Development	7,619
Kemess Mine	1,000
	33,908
Vote 26	
Resource Revenue Sharing Agreements	1,200
Statutory	
Interest on revenue refunds	177
Mine improvement	17
Fort Nelson, Blueberry-Doig	362
Special Accounts	
Northern Development Fund	1,010
Vancouver Island Natural Gas Pipeline Assistance	971
Transfer from Vote 25 to Northern Development Fund	(2,500)
Total Expense	**35,145**